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MEETING OF THE SUFFOLK COUNTY

8

HOMEOWNER'S TAX REFORM COMMISSION HELD

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ON THE 4TH DAY OF OCTOBER, 2006 AT THE

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LEGISLATIVE BUILDING, VETERANS HIGHWAY,

11

HAUPPAUGE, NEW YORK AT 9:55 A.M.

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1 MEMBERS PRESENT:

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3 WILLIAM J. LINDSAY, Chairman

4 Presiding Officer, SC Legislature

5 LYNNE C. NOWICK, Co-Chairperson,

6 Legislator, District #13

7 JOSEPH SAWICKI, JR., SC Comptroller

8 DR. ROBERT LIPP, Director, Office of Budget

9 Review

10 MICHAEL BERNARD, Babylon Town Assessor

11 GARY D. BIXHORN, Chief Operating Officer,

12 Eastern Suffolk BOCES

13 DANIEL A. BAHR, NYSUT Regional Staff Director

14 DR. PEARL KAMER, Chief Economist, LI Association

15 CELINE GAZES, Chairperson, Council of LI Region of

the

16 NYS Government Officers Association
17 MELVYN FARKAS, LI Board of Realtors
18 CHRISTINA CAPOBIANCO, Chief Deputy,
19 Office of SC Comptroller
20 NICHOLAS LaMORTE, President CSEA Region 1
21 PATRICK BYRNE, County Executive Designee
22 THOMAS HOHLMANN, President/CEO,
23 Suffolk County National Bank
24 JAMES KADEN, Nassau-Suffolk School Board
25 Association

1 THE CHAIRMAN: I'm going to call this meeting
2 to order. I don't anticipate that this will be a long
3 meeting. Please rise for the pledge.

4 (Recitation of the pledge of allegiance.)

5 THE CHAIRMAN: Just two announcements. First
6 co-chairman, Legislator Nowick, is in transit and should
7 here any minute. Esther Bivona is in the hospital.

8 is why she isn't here this morning. I asked if it was
9 something done emergency-wise because she didn't have a

my

be

That

10 chance to notify her alternate. So I hope Esther is
going
11 to be okay.

12 What I would hope to do today, number one, is
13 before you is the first part or draft of the first part
of
14 the report. Some of it was compiled by my staff. And
the
15 second part is Bob Lipp's analysis of the problem. We
had
16 passed out Bob's analysis at the previous meeting.

Maybe
17 if you haven't done it yet, take a few minutes to look
it
18 over, take it home with you. If there is anything that
you
19 would like to add or subtract or change in any way, I
would
20 like you to speak up now for the simple reason that I
21 intend on finalizing this whole process in the very near
22 future.

23 I appreciate the time that everybody has given
to
24 this process, and we have one more meeting on November
25 1st. I want to see where we are at the end of that

1 meeting. I'm going to try and not schedule any other
2 meetings.

report

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3 What I want to talk about today is how the
4 is going to be finalized and who is going to do
5 components. So, I want to take a few minutes just to
6 over what we have done so far. We will entertain any
7 comments about them, about this piece of the report.
8 we will go on from there and talk about where do we go
9 there.
10 Maybe we could have some discussion on the
11 part of the report. There is one thing that I need to
12 clarified on Page 3 that Bob Lipp pointed out on the
13 economic course. We talk about the elderly is the
14 income earners, which I think is probably just the
15 opposite. They're our lowest income earners. They
16 be property rich and cash poor. So that needs to be
17 clarified and we will take care of that.

18 Anything else in the first part that outlines
the
19 problem that you would like to add, change? This isn't
the
20 final word on it. If you want to take it home and look
at
21 it, e-mail us any comments or call with any comments,
that
22 would be fine as well. Do you want a few more minutes
to
23 digest it? Okay.

24 MS. KAMER: Bill, I think on Page 3 where you
25 talk in the 1990's the number of people eighteen to

5

1 thirty-four decreased during the '90's, you want to put
a
2 sentence in there, this decline continued in this
decade.

3 THE CHAIRMAN: Let me find where you were.

4 MS. KAMER: Bottom of Page 3, in the 1990's
the
5 number of people age eighteen to thirty-four, after four
6 percent.

7 THE CHAIRMAN: Our latest data shows that it
8 continues.

9 MS. KAMER: Continuing in this decade.

10 THE CHAIRMAN: Okay, are you up to speed?

11 Everybody okay? Are there any comments, additions,
12 deductions from what is before you? Do you think the
13 problem is stated clearly enough in the first part?

14 MR. BERNARD: Bill, a question; establish
15 uniform assessment standards. I don't recollect,

although

16 I did miss the last meeting on, Page 4 of the sample of
17 alternatives discussed by the commission. I just don't
18 remember.

19 MR. LIPP: The first meeting that we had, I

did

20 a Power Point and I just put a bunch of bullets,

potential

21 proposals. That was one of them. Did we really discuss

22 it? No. Should we? I think so. So that is as far as

we

23 got.

24 THE CHAIRMAN: Would you like to discuss it

now

25 or just delete it? What would you like to do?

1 MR. BERNARD: It creates differences in this
2 County because unlike Nassau, where it's a single
3 unit, Suffolk has ten assessing units, one in each
4 Currently, two of the ten towns are on an annual
5 assessment. Shelter Island and Southampton, I'm sure
6 read some of the problems that have developed out east
7 that.

8 It's a little different in the western

9 Most of the towns in the western portion are utilizing
10 same system. Only the Town of Islip is what is called
11 improved assessing unit like Nassau County and has
12 class systems.

13 As we read in yesterday's Newsday how the
14 houses are now being charged at a commercial rate, only
15 Islip in Suffolk County has the ability to do that.
16 have a different rate system. In the other eight towns,
17 nine towns, you pay the same rate if you're a single

18 home or a multi-tenanted office building; it makes no
19 difference.

20 But to uniform that throughout the County, it
21 would have to be something that would be done at each
town
22 level together, or to consider something which has been
a
23 dirty word in the assessment profession would be to
24 consolidate the assessing into county-wide. The State
25 would love to see that happen. I think the outcome and

7
1 what has happened with the rates in Nassau County is
2 evidenced by what would happen here.

3 THE CHAIRMAN: If there was one, if there was
a
4 county-wide assessment bureau, would it provide any kind
of
5 tax relief to our residents or would it be a mixed bag,
6 some would go up, some would go down? But there would
be a
7 uniform standard around the County. Is there any
benefit
8 to county-wide assessment?

9 MR. BERNARD: None that I could think of.

10 Currently in the State of New York, there are only two
11 counties on county-wide assessment, Nassau and Tompkins
12 County. Tompkins County is up in, I think where Cornell
13 University is. They only have thirty-two parcels in the
14 whole county.

15 New York City is what is considered a single
16 assessing unit as well. But they're exempt from a lot
of
17 the other laws that affect every other municipality
18 throughout the State. Now you're going to take away
home
19 rule or that local effect that a town receiver or
assessor
20 is going to have a control by the town board in each
town
21 taken away. I don't think the town-wide would be the
22 answer, but maybe Bob has an answer.

23 MR. LIPP: Conceptually, or in theory the
idea
24 is not to lower the tax burden. That wasn't the purpose
of
25 this, but to rather make it more equitable. That is the

1 theory behind it; in other words, we both live on the

1
same
2 block. I pay twice the taxes as you do and the value of
3 our houses is the same, that kind of thing, so we're
4 dealing with that type of issue.

5 The proposal that I think would make most
sense
6 is not county-wide assessing, because I think you need
to
7 recognize what the real world looks like. We wouldn't
want
8 to take your job away, we love you. So, I think what
would
9 make most sense. There would be sort of like a County
10 government would spearhead perhaps a commission of sorts
11 that would be made up of all the town assessors and
other
12 interested parties to try and establish uniform
practices
13 that could be as much as possible agreed to by the
14 different towns. Of course, some towns are going to
15 already be there, others are not. And some towns would
be
16 more willing to go forward with it.

17 I think if you have the dynamics of the entire
18 County, it's more likely to work, number one, and number
19 two, as long as each of the towns still maintain their

20 domain, you're not stepping on people's feet.

21 THE CHAIRMAN: My question is, is there value

22 this?

23 MR. LIPP: Equity is the answer.

24 MR. BERNARD: But the equity is not going to

25 as equitable as each taxing entity is. To go back to

9

1 example, two homes with different tax bills across the

2 street from each other. The difference may be what fire

3 district or school district or library they're in as to

4 their taxes are different. If they're assessed at the

5 value, that is where the equity lies.

6 Also, we assess based on Real Property Tax Law

7 for the State of New York. We are governed by that.

8 is how it's done. Each assessor, you can have every

9 assessor from each of the ten towns come in and I'm sure

10 each one is going to swear their roll is as equitable as

11 they can make it. There are going to be glitches and

12 problems that come up from time to time. That is why
we're
13 there to try and correct it.

14 The State actually comes out with a
mathematical
15 formula, the coefficient of disbursements that is
supposed
16 to indicate how equity -- what each town's role is.
Most
17 of the problem is most towns have not reassessed since
the
18 '50's to be specific.

19 MR. LIPP: Should we cut to the chase here?

20 MR. BERNARD: No, I can't say the name again.

21 MR. LIPP: I've been looking at the data for
22 several years, but I don't consider myself completely
well
23 versed. If you are full market assessing and you update
24 your roles with more frequency, that is more equitable.
25 Newer construction is higher assessed than older
homes.

1 Really what we're talking about is a mass
2 conversion, trying to get everybody to go full value

3 assessing. What happened in Southampton was just a PR
4 blunder. The bottom line there, when you got your
5 assessment from the assessor's office saying that your
6 assessment went up by a hundred percent, I'll pick a
7 number, people thought okay, my taxes are going to go up
8 hundred percent. I'm going to vote against the school
9 budget.

10 There is a case in, I believe Westhampton
11 they voted down the school budget, and it was actually a
12 decrease. What they should have done was said your
13 assessment is going up by a hundred percent but on
14 town-wide, it's going up by a hundred twelve percent.
15 Therefore, for a fixed tax, actually your tax bill will
16 down. We don't know what the tax will be, but that is
17 it works.

18 If they had provided the right information,,
19 there wouldn't been that type of reaction. It was PR
20 disaster.

21 MR. BERNARD: You see what happened, the

1
ordered
levels
They
'70's

11
with
the
reval
certain

22 County assessor lost an election because of a court
23 reval. The political forces at the town and County
24 have not been willing to take that bull by the horn.
25 had that problem in Islip and Riverhead in the late

1 when they did a reassessment. Some of them are happy
2 the status quo. Obviously, many are not. But, you know
3 you're right, it would add to a more equitable role.
4 But again, the State number that they use for
5 coefficient is fifteen percent, most of the towns in
6 Suffolk County at or below that number. Even after a
7 you have some municipalities that are as high as fifteen
8 percent.
9 It's not a perfect world doing annual
10 reassessment. Every neighborhood, every area has
11 quirks. You can't just push a button on a computer to
12 raise values; it doesn't necessarily work that way.

13 MR. KADEN: We did get a report, that was
14 covered, that the State report, as far as evaluations
your
15 neighbor pays twice the tax as you are. I think full
16 market valuation might have the advantage of lowering
17 certain area claims somewhat because you're reassessing
18 constantly. And you have a reasonable base.

19 THE CHAIRMAN: Wasn't that the initial reason
20 why Nassau wanted to go to full value?

21 MR. BERNARD: No, that wasn't the reason.

The
22 lawsuit in Nassau was they had a class suit from a
23 homeowner in the Roosevelt School District that was
paying
24 the same school taxes as a homeowner in Garden City.
25 Roosevelt is a minority community, Garden City is not.
The

12
1 values were tenfold in Garden City what they were in
2 Roosevelt, but the school taxes were about the same.

3 That is what led to the lawsuit, what
ultimately

4 made the courts rule that Nassau had to do a reval. As
a

5 result of the reval, it didn't have an effect because of
6 the way the school district rates were. So the poor
folks
7 in Roosevelt were still paying an exorbitant amount in
8 school taxes as Garden City.

9 MR. KADEN: That actually was a problem
with
10 evaluating. Another problem was the commercial property
11 owners filed a tax suit claiming they were unfairly
taxed.
12 That caused a flagship in Nassau.

13 MR. BERNARD: That has nothing do with the
14 assessment.

15 MR. KADEN: It caused a huge problem of tax
16 bills in Nassau that shifted the burden from commercial
to
17 residential property. That included the issue as to
where
18 the money was coming from. We talk about taxes being
19 equal. Taxes went up dramatically in Nassau County.

20 MR. LIPP: If we could cut to the chase,
Nassau
21 County is not the type of system that we would use as a
22 benchmark of what to do right. I can tell you some
things
23 about them, but I prefer that we just like get to the

1
point
and

24 here. We are not talking about correcting the system
25 clearly we are not talking about emulating it.

13
purpose
kind
type
the

1 THE CHAIRMAN: Talking about the basic
2 of this group, this commission, would it provide any
3 of tax relief to our citizens if we adopted a Nassau-
4 system and had assessment County-wide. I think that is
5 question.

6 MR. LIPP: No.

7 MR. KADEN: Your raising the same amount of
8 money through property maybe shifts equity. Certain
9 are going to be paying more, some people are paying
10 you're paying the same sum of money in the end.

11 THE CHAIRMAN: I live in Islip. Some of
12 taxes are moderate. And Lynn lives in Smithtown. It's
13 the high end of the spectrum. Mine would go, up hers

1
would

14 go down.

15 LEG. NOWICK: I say do it.

16 MS. GAZES: I think it should be less of a
17 burden to seniors.

18 MR. KOHLMANN: The only thing I have to say

is

19 that not being an expert, far from an expert in the

20 assessment side, what it speaks to is our ultimate

findings

21 in part, because those findings have been incredible.

The

22 taxpaying public is looking for some understandable,

23 incredible solutions and inequities or whatever in

24 assessment or lack of uniformity in assessments will

create

25 a whole bunch of sceptics in terms of the findings of

this

14

1 commission.

2 So you really, in my mind, have to deal with

it

3 and discuss it and at least address it in the

commission's

4 findings. Otherwise, it's just more of the same mold.

5 THE CHAIRMAN: What you would suggest, that
we
6 do talk about it in the report?

7 MR. KOHLMANN: Yes.

8 THE CHAIRMAN: Maybe take some of Michael's
9 observations, and it really wouldn't provide any relief,
10 but would cause regular confusion. You saw it in
11 Southampton, you have seen it in Nassau. When you go
12 through this reassessment process, there is a great deal
of
13 upheavel. And as Celine pointed out, one of the
14 demographic groups that have been screaming for some
kind
15 of relief is our seniors. Our seniors are probably in
16 older houses and reassessment is going to increase the
17 burden on them, not decrease the burden.

18 DR. KAMER: You have to put something in the
19 report, at least indicate that you studied it.

20 MR. LIPP: That is my point exactly.

21 THE CHAIRMAN: Is everybody in agreement on
22 this? Michael, would you help us with that portion of
it?

23 I don't want anything of any great length, but there
should

24 be some kind of indication that we did have this
discussion

25 and the reason why we're not recommending a full, a

15

1 county-wide system, besides the very practical part that
2 you would have a war with the ten towns agreeing to give
up
3 their turf, I think would be very difficult, at the
least.

4 Okay, so we can leave that in now that we did have a
5 discussion on it, all right?

6 MR. BERNARD: Yeah, we had a discussion.

7 THE CHAIRMAN: Anything else on this?

8 MR. KOHLMANN: I think there are two other
items

9 on the list. Both came up in the conversation that we
just

10 had, that we should probably talk about. One is the
11 regionalization of the commercial tax base and the
second

12 was enhancing the circuit breaker program. I think that
13 the targeted tax relief for seniors and others through
the

14 circuit breakers is something that merits further

15 consideration and support, and I also think that in

16 regionalizing the commercial tax bases, I think similar
to
17 looking towards uniform assessment practices, would
start a
18 war among the school districts,

19 It is a major contributor to a lot of the
20 inequities and there are districts with huge
concentration

21 with commercial wealth and/or utilities or that sort of
22 thing that really do tend to skew the tax rates between
23 school districts. I think that is something that since
24 it's on the list, it's something that we have to at
least
25 consider to some extent.

16

1 I don't know that we want to make any
2 recommendations related to them. They are major issues
and
3 I think it like the uniform assessment practices, if
4 nothing else warrants some further consideration.

5 THE CHAIRMAN: I think if some of these
issues

6 aren't at least mentioned, I'm not talking about an
7 extensive section on that part, if it isn't mentioned, I

talking

8 think we would be open to criticism, at least not
9 about it.

10 MR. KOHLMANN: I will agree.

their

11 LEG. NOWICK: I want to say one thing with
12 regionalizing that we are, I think, delusional if we
13 believe that the State lawmakers that live in districts
14 such as Hauppauge or Garden City -- that is not Suffolk
15 County, they're not going to change that law because

will

16 particular districts are going to be hurt. So, I really
17 don't think we have to discuss it. I don't think that
18 ever come to fruition. I think that people will be so
19 against it.

because

20 That makes me in my district very happy

school

21 we don't have industry and that certainly helps our
22 taxes, but I don't think we would get a lot of support
23 that, but yeah, we have to discuss this. That is my
24 feeling on that.

on

25 MR. KOHLMANN: The regionalization of the

1 commercial tax bases, one of the topics that would
2 ultimately become very confrontational, even within the
3 educational community. It's a major contributor to the
4 inequities in the system and I don't think there is
going
5 to be any change. I think it's worth talking about like
6 we're doing right now.

7 MR. LIPP: I would say the way we should
phrase
8 it, both in case of the assessing practices, if we were
9 starting a system from scratch, there are some really
good
10 points that could be made, that this is the way we
should
11 go.

12 But you're not starting a system from scratch
and
13 therefore there be would be a lot of unintended
14 consequences as a result, and there would be real
15 significance winners and losers, and that would be too
much
16 of an issue to go that uniform assessing practices is a
17 great idea.

18 Regionalizing property taxes, good idea, not

19 great idea. That is if I were starting a system from
20 scratch. Since we're not, let's not go there. Are they
21 good ideas? They're recommendations that come up all
the
22 time. Do they have good merits? Great merits. Why
don't
23 don't you support it? Because we live in a system, we
are
24 not starting from day one.

25 MR. KOHLMANN: Is it possible that those
issues,

18

1 while having merits, are you dealing in a phase-in
scenario
2 as opposed to a point in time? It doesn't change the
3 merits but lessens the immediate effect and spreads it
out
4 over time.

5 MR. LIPP: If you think something is good you
6 phase it in and give people time to adjust to the
system.

7 In the interest of recognizing that, it's not likely to
go
8 too far in this group. I decided to take a more
expedient

1
9 route.

10 MR. SAWICKI: Just a comment. I don't know

11 that is the way to word it, Robert. Even that has

12 even if it's regionalized, the system, we still have to

13 collect a certain amount of taxes. Whether the taxpayer

14 Hauppauge pays three thousand and the taxpayer in

15 pays six thousand or it's reversed, we are helping one

16 not the other. So it doesn't help everybody.

17 This commission, we're looking to help

18 everybody. If regionalizing helps me in Smithtown,

19 help you in Hauppauge, and the bottom line is we still

20 to collect the same amount of taxes, it's not defraying

21 cost all around, just in certain sections.

22 THE CHAIRMAN: I think the point that was

23 before, even if you went to one county-wide taxing

24 it wouldn't suddenly -- we wouldn't all be paying the

25 tax on the value of our home because of the differences

19

1 within the individual school district.

2 MR. BERNARD: You are paying the same County
3 rate throughout the five western towns.

4 THE CHAIRMAN: But you're not equalizing the
5 rate that you're paying from school district to school
6 district.

7 MR. BERNARD: Correct.

somewhat

8 THE CHAIRMAN: So you're still going to have
9 vast differences, going back to go my example before
10 between Islip and Smithtown. It might equalize it
11 but not totally.

lower?

12 MR. SAWICKI: Bill, is Islip lower because of
13 commercial buildings or industry; is that why it's
14 Is that why your school district taxes are lower?

Smithtown.

15 THE CHAIRMAN: It depends on the school
16 district, I would say. In general, I can remember as a
17 young person looking at a home and it was very important
18 that the house was located in Islip and not in

19 It was where they came together.

20 MR. SAWICKI: Having been in the Tax

Receiver's

21 Office, when came came in the Tax Receiver's Office,

people

22 would come in, my address is Hauppauge, I want the

23 Hauppauge school district, but we would really like to

have

24 the Smithtown post office. Can you fix it? No.

25 MR. KADEN: I think it's difficult to do. I

20

1 think there are advantages to people. In the early

'90's

2 in my school district we had the lowest per pupil

spending

3 in the Town of Huntington and we had the highest tax

rate.

4 That was driven by commercial property. That is, I

think,

5 unfair to the taxpayers somewhat. You can make

arguments

6 that some people don't want commercial property and they

7 should pay for that. I think you should address that.

8 I think the benefit of putting it in the

report,

9 not only to say that you considered it, but anyone that

tax

reassessments

are

reason?

the

21

10 reads the report, maybe it becomes a little clearer why
11 rates are disparate from school district to school
12 district. It's not all spending related. There are
13 infrastructural reasons why rates vary from district to
14 district and town to town. I think it should be in the
15 report and I don't think we should recommend
16 of all properties or regionalizing commercial property.

17 THE CHAIRMAN: Going to the next part of the
18 report, to move on. Wasn't that the original reason for
19 the State aid formulas, to pick up the districts that
20 revenue poor?

21 MR. KADEN: There are.

22 THE CHAIRMAN: Wasn't that the initial

23 MR. KADEN: Yes, equalize wealth, basically.

24 THE CHAIRMAN: It ran astray somewhere along
25 line.

1 MR. KADEN: When they would have given us too

1
2 much money that they couldn't afford.

3 THE CHAIRMAN: Just back to an overall vision
4 what this should look like. I think we're in agreement
5 that the first step or first option, if our State
6 want to fix this problem, is not to throw out the entire
7 system, to keep the existing system that we have of real
8 estate taxes supplemented by State aid that comes from a
9 State tax. We are all in agreement?

10 MR. LIPP: I'd like to take a half a step
11 backwards. Gary brought it up and we almost skipped
12 the circuit breaker program.

13 THE CHAIRMAN: I think that should be in the
14 first part. That is where I'm going. We are all in
15 agreement to keep the existing system.

16 Again, what I envision in the report is
17 things that the State could do if they really wanted to
18 the problem on Long Island.

19 DR. KAMER: I think what the first thing is
20 what you can do to fix the property tax. One of them

State

21 be a circuit breaker, one of them would be additional
22 aid so that we get our fair share.

the

23 THE CHAIRMAN: Do you think it's feasible if

kind

24 State aid formula was simplified to the point of some

the

25 of guarantee of a percentage of dollars coming back to

22

1 Island that was sent up?

2 DR. KAMER: That is not going to happen.

3 THE CHAIRMAN: Why?

4 DR. KAMER: Because there is a lot of --

5 everybody is going to be fighting for those dollars. If

the

6 you say we educate, Gary, you said sixteen percent of

7 state's students, we should get sixteen percent of State

8 aid to education. That would be a reasonable posture.

9 THE CHAIRMAN: What would that do, Gary, in

10 terms of funding our school districts?

11 MR. BIXORN: That alone, even without any

12 regional cost adjustment, which should probably be

13 factored, that alone would generate six hundred eighty
14 million dollars. Just the difference from twelve to
15 sixteen percent.

16 MR. BERNARD: Jeeze.

17 MR. BIXORN: Basically, that is what we put

18 as the quick fix in the absence of true reform, just

19 us the share.

20 THE CHAIRMAN: What would six hundred eighty

21 million dollars do for us? Would that reduce or

22 our real estate taxes?

23 MR. BIXHORN: It is coming in against

24 expenditures. It would reduce property taxes, I don't

25 to what extent. Taxes are expenses, are going to

1 to increase, but six hundred eighty million dollars

2 have a significant increase on our property tax rates.

3 MR. LIPP: That would be about twenty-three

4 percent or so, what current school property taxes are.

5 property tax is about two point nine billion, I believe,
6 for school districts.

7 MR. BIXHORN: The six hundred eighty million
8 dollars is this year, unlike STAR. If you really

changed
9 the share to sixteen percent, it would be an ever
10 increasing amount of dollars. STAR is a one shot deal
11 against taxes. Aid would continue to rise as the State -

-
12 the profits continue to rise. That would be a
benefit.

13 THE CHAIRMAN: Going to the original
discussion

14 with Pearl, what I initially propose is a percentage of
15 money going up, coming back, but if we take it to

student
16 population, if we have sixteen percent of the State
17 population that we educate, we want sixteen percent of

the
18 State aid. Will that naturally go up every year? Only
if
19 student enrollment keeps going up.

20 MR. BIXORN: It changes over time.

21 Unfortunately, that is when they locked in the share.

It
22 does change over time. If you remember during the

'80's,

and

enrollment

24

up

chance

important

of

would

23 we were losing kids and districts were closing schools

24 we were in the opposite position as we are now, where we

25 just experienced an eighteen percent increase of

1 over the last ten years. So the share is really a

2 relatively -- it; was the old-fashioned way of divvying

3 the share of the total State pop money for education.

4 I think, you know, to kind of go along the way

5 Bob is proceeding, in the perfect world, if we had a

6 to start or recommend a true reform, I would think

7 developing a formula for State aid distribution, that it

8 accounts for regional differences, it accounts for

9 enrollment that would drive a share back based on

10 factors student performance, regional costs and the size

11 the enrollment.

12 Building all those factors into the formula

13 drive the appropriate amount of money to the Island and

14 other parts of the State. I think that is really what
we
15 need.

16 THE CHAIRMAN: That would be the one way that
17 they could fix the system within the current framework.

18 MR. BIXORN: A formula that works, yeah.

19 THE CHAIRMAN: What would you do, throw out
the
20 existing formula altogether and just substitute it with
21 this percentage of --

22 MR. BERNARD: (Interposing) That would
affect
23 the STAR reimbursement too.

24 MR. BIXORN: You're really have to start from
25 where we're at right now and build on the base that is

25
1 currently in place. Those numbers we were talking about
2 last time, where we said there are thirty-nine school
3 districts that received less than ten percent of the
4 revenue from the State. Those are all districts that we
5 would characterize as wealthy.

6 One of the things we presented in the report

that

7 I presented last week, that there be a minimum share of
8 State aid for those districts. That means that there
would
9 be a huge influx of cash to the wealthiest school
districts
10 on Long Island. You couldn't do that in absence of
11 addressing the problems in the districts where the kids
are
12 way out in the poorer populations and you have real
funding
13 difficulties.

14 I think the introduction of a new formula, the
15 starting point of building a new formula would be
looking
16 at where we are right now, who is receiving what and
that
17 would really become the starting point of trying to
build
18 more equity and a needs based set of the factors into
the
19 formula.

20 THE CHAIRMAN: Going one step further, if we
21 were successful in getting sixteen percent of the State
aid
22 to this region, are we talking Nassau and Suffolk or
just
23 Suffolk?

24 MR. BIXORN: Nassau-Suffolk.

25 THE CHAIRMAN: Would you propose that once

the

26

1 revenue comes into the region, it would be distributed
2 based on need from within the districts?

3 MR. BIXORN: The distribution has to be done

on

4 a state-wide basis. It has to be -- we're really coming

up

5 with two separate strategies. The shares, doing the

6 sixteen percent would be if the State doesn't fix the

7 formula, if they weren't going to put all the reforms in

8 place and come up with an equitable formula for

9 distributing the entire share, the entire allocation of

10 State aid, at the very least, just give us our share,

until

11 you're ready to implement.

12 The true reform, just give us the six hundred

13 eighty million and we will distribute it to the

districts

14 with the greatest need.

15 THE CHAIRMAN: Who would distribute it?

16 MR. BIXORN: The State.

17 THE CHAIRMAN: We get sixteen percent of the
18 State aid to this region and then it's subdivided by
need
19 within the region. That is what we're proposing for the
20 framework of a new formula?

21 MR. BIXORN: That would be a real substantive
22 change until true reform occurred and there was a new
23 formula implemented on a state-wide basis. What we're
24 proposing or saying essentially is a two step process.

If
25 they can't agree on reform, at least send us the amount
of

27
1 money that should come down here based on the share.

Once
2 we get to true reform that helps all the districts in

the
3 State and resolves the CFE in the city, it's a two step
4 process.

5 MR. SAWICKI: If lightening struck Albany and
6 the powers that be up in Albany said we're going to give
7 you what you need down there and we will take it away
from

8 the city or upstate or whatever. Something has to
give.

9 The six hundred eighty million dollars would be
apportioned

10 probably based on the aid to education formula, right?

11 MR. BIXORN: Yes.

12 MR. SAWICKI: Therefore, your save harmless
13 districts like out east would realize very little,
14 correct?

15 MR. BIXORN: Probably part of the issue we
16 talked about in the report is that over the last few
years,
17 we have been talking about the formula, but we really
moved
18 so far away from the formula over the last few years, as
19 Jim indicated.

20 First it was capped. There wasn't enough
money
21 to fully fund the educational system that the formula
was
22 driving. Then over the last few years, it's really just
23 been a matter of taking the additional money that comes
24 from the share and divvying it up among the districts.

25 In adjusting a few dollars here and a few
dollars

1 there, we are really so far off formula it's hard to
2 imagine what would happen if all of a sudden there was
an
3 extra six hundred eighty million dollars coming to Long
4 Island.

5 MR. SAWICKI: Maybe the approach would be if
we
6 recommend the sixteen percent, being equity, I can
picture
7 the Albany politicians now, they would all be laughing
at
8 us. Maybe revamp the entire formula, make it simple.

9 THE CHAIRMAN: That is where I was going.
That
10 is why I asked him if what we're proposing to do is
scrap
11 the existing formula and create something new, simple,
that
12 maybe people would understand.

13 MR. KOHLMANN: It's two steps. One is an
14 interim step until you get to a more equitable state-
wide
15 distribution formula.

16 THE CHAIRMAN: Again, it starts with the
share.

17 If you get the share of the pupils that you have in the
18 region, the distribution of that revenue within the
19 is much easier.

20 Problem, once you get the revenue, Joe, I
21 know whether our State lawmakers are laughing at us. In
22 the last two months I had this discussion with three
23 sitting State lawmakers and they're hearing the same
24 we're hearing. They're interested in the work we're
25 They want to see what comes out of this commission.

29
1 ears are open because they're burning a little bit.
2 They're getting hit hard. Two years ago, the issue was
3 made.

4 MR. KADEN: And they were getting pounded
5 that. I think the real estate taxes has reached the
6 one on the hit parade in terms of what they're
7 thinking.

7 MR. SAWICKI: Still, I agree, finally they

8 be grasping ahold of what the need is for the Island.

9 Neither the majority party in the Senate or Assembly,

10 are nine Republican senators on the Island and Suffolk,

11 twenty-five percent of the majority party in the Senate.

12 In Albany, all they know is power politics, who is in

13 majority on the Assembly side.

14 We have great representatives here from both

15 parties. When they get to the table and start divvying

16 they're not strong enough to tell the party leaders we

17 not getting enough. They will get out voted unless they

18 team together and play hardball politics. We are going

19 stick together until Long Island gets recognized. They

20 will have to play the game on their turf.

21 that is the game for better or worse, raw politics.

22 THE CHAIRMAN: The other issue here as the

23 case, which is in the middle of it. It's not just a

24 Island problem, it's a problem in the city too. That is

1
25 what the lawsuit is all about. I don't have the

absolute

30

1 solution, but it certainly ups the ante a little bit in
2 terms of coming up with a state-wide solution.

3 MR. KADEN: The City gets their share. You
have
4 to be careful when you want to deal with that.

5 MR. SAWICKI: What's the stats?

6 MR. KADEN: They have thirty-seven percent of
7 the kids. I think recognition of regional cost is
probably
8 a better way to drive aid to this region than just say
if
9 you want a share. If the enrollment goes down, the
share
10 goes down, but our cost is not going to go down. If we
11 should get one and a half times the aid of the north
12 country on a dollar for dollar basis, that is big
factor.

13 That, I think, is what causes more problems here than
just
14 inequities of student enrollment problems.

15 We give a lot of money based on regional
wealth.

16 A lot of taxes that go upstate are a factor and because
17 they take a percentage of the regional wealth, which is
18 high, but we don't get enough of that back. I think
19 regional costs should be something we ask for.

20 THE CHAIRMAN: If you're going to redo the
21 formula. In an ideal world, if you gave us sixteen
percent
22 of the aid because we have sixteen percent of the
students,
23 we would than in good shape. If you can't do that, how
24 about an adjustment because of regional costs.

25 MR. KADEN: I would like to see it done the

31
1 opposite way.

2 MR. BIXORN: LIA made it a top priority to
3 reform the State aid formula within fixing the State aid
4 formula, build in regional costs, enrollment into it,
build
5 in student needs, simplify, consolidate multiple
formulas,
6 make it more transparent. Within the whole area of
reform
7 they incorporated all these things. We're talking about
to

8 try and build in an equitable system that works for the
9 entire State.

10 Another thing that they said if that is not in
11 the cards, if the State isn't going to do that, at the
very
12 least give us the money. LIA's primary recommendation
is
13 in order to provide tax relief to Long Islanders, first
14 increase the pie, put more money into education on a
15 state-wide basis.

16 Secondly, change the formula to drive money
where
17 it's needed and recognize the regional cost differences
18 that we have downstate. If you're not going to do that,
at
19 the very least send us the money based on the old-
fashioned
20 shares.

21 MR. SAWICKI: Gary, I wanted to ask a
question.

22 Say we got the sixteen percent and it's the State's
23 authority to determine how to distribute it. Is it per
24 capita, what determines the need? What is need?

25 MR. BIXORN: What the State has used as the

1 primary factor, what we talked about last week when I
2 that presentation, that combined wealth ratio, the
3 wealth and property wealth per pupil in each district.
4 That is a major driver in the formula that allocates aid
5 between the school districts.

6 MR. SAWICKI: They would distribute it based
7 per capita income value of a home in the area.

8 MR. BIXORN: Those would be two of the major
9 factors. There are a whole sets of factors in these
10 formulas that are used to move the money to different
11 of the State. But wealth and tax burden, local effort
12 all among the factors that play a major role in the
13 movement of the money.

14 MR. SAWICKI: Again, looking at my own
15 it's considered a pretty comfortable district. However,
16 I'm trying to -- however, school property taxes are a
17 burden on many and does that get considered in
18 the sixteen percent?

19 MR. LIPP: If I could interject for a
second.

20 The section that I wrote that we passed out last time
and
21 starts on Page 5, I purposefully spoke in a certain
way.

22 It's look, in terms of we're not getting our fair share
of
23 enrollment. The costs are high, yada yada yada.

24 On the other hand, we're considered a wealthy
25 region and the rest of the state, let's be realistic,
says

33

1 you gotta be kidding me. If you went to the expenditure
2 commission, the first meeting in Riverhead a week or so
3 ago, there was a report presented by the State
4 Comptroller's Office and they were saying yeah, your
taxes
5 are going up, but your tax rates are going down relative
to
6 the rest of the state, so the implication was without
them
7 saying it was, are you kidding me.

8 What is my point? It's fine that we pat each
9 other on our back and say boo hoo, we have higher costs,

1
we

in

the

I

don't

than

not

10 are not getting our fair share in terms of enrollment,
11 terms of how much we send to the State. At the end of
12 day when I day when I try to denote in the write-up, and
13 might not have been succeeded, if you will, because I
14 hear people speaking to it, what we need to say to the
15 State is okay, we're a little bit wealthier on average
16 the rest of the State, and we understand that we might
17 get our full share because of that.

18 At the end of the day look at what is going on
19 with property taxes here. There is an economic impact
20 here. Does it make more sense for the State to give us
21 only twelve percent of a smaller pie because they're
22 squeezing us or does it make more sense to give us
thirteen
23 or fourteen percent of a much larger pie, and it could
be a
24 win win situation. That was the point we need to make.
25 Otherwise, we will not get to first base on that.

bigger?

1 THE CHAIRMAN: Where does the pie get

2 I don't follow you.

you

3 MR. LIPP: It all relates to economics. If

productive

4 increase taxes, it's going to increase revenue, but it

5 reaches a certain point where it becomes counter

Will

6 and that was the argument we're trying to make here.

7 it be an argument that will fall on deaf ears? I don't

8 know.

9 I've seen the other approach and it's like I

are

10 heard that already, you're boring me to tears. Those

don't

11 all good points and they need to be brought out. I

get

12 mean to minimize them at all. But you're not going to

13 to first base without making those points.

14 At the end of the day look how much taxes have

has

15 gone up around here in the last decade and look at what

16 gone on with the local economy. I think we can really

17 present an argument that gets them to look. Long Island

18 has been a cash dow and provided a lot of money for the
19 State. We're saying God bless you State, fine, but
don't
20 squeeze us so much.

21 THE CHAIRMAN: Do we have a discussion with
the
22 circuit breaker program?

23 DR. KAMER: That is going to be part of your
24 attempts to fix the property tax as currently
structured.

25 You want to --

35

1 THE CHAIRMAN: (Interposing) Let me stop you
2 there. In the previous discussion, if we, number one,
if
3 we got the sixteen percent of State aid because we have
4 sixteen percent of the population, that would do it in
5 itself, right?

6 DR. KAMER: No, that is one element of
several
7 reforms you want to enact. One is a distributional
8 reform. Seniors are suffering because they're property
9 rich and income poor. How do we help them? With you
10 implementing more generous circuit breakers to make

11 property taxes less burdensome for seniors. That is
12 another part of the reform you want to enact.

about

13 So your first part of your report will talk
14 reforming the current property tax and you're not going
to
15 throw out the baby with the bath water.

to

16 Your second part of the report, and you have
17 bring it up because people are discussing it, what about

an

18 income tax. There, you say, well, there are some
19 advantages. It's a progressive tax rather than a
20 regressive tax, but there are an outstanding number of
21 disadvantages. We have discussed this in the course of
our
22 meetings here.

our

23 So you're going to reform the property tax by
24 either asking to increase the educational pie, give us

our

25 fair share. You're going to help seniors by
implementing

36

1 more generous circuit breakers.

1
2 THE CHAIRMAN: What is the current circuit
3 breaker?

4 DR. KAMER: I don't know.

5 MR. LIPP: I know it's so diminimus it's of
no
6 value at all.

7 MR. BERNARD: Thirty thousand of income.

8 MR. LIPP: You're not going to get much of a
tax
9 credit on that.

10 MR. BERNHARD: The State just raised it for
this
11 next year. It's thirty-two four currently, total gross
12 income, that includes Social Security. That's Section
467
13 of the Real Property Tax Law. What that was initially
14 done was to provide seniors with a break that were
living
15 on Social Security income only, and maybe a small
pension.

16 A husband and wife today are maxed out today,
I
17 believe, at about sixteen thousand each per year. That
18 puts them at the thirty-two thousand. That will only
give
19 them a five percent reduction at thirty-two four.

20 THE CHAIRMAN: Reduction on their real estate
21 tax?

22 MR. BERNARD: It's basically off the assessed
23 value, which in turn is going to do that. In my town,
24 a population of two hundred ten thousand people, we have
25 about thirty-three hundred eligible seniors for this

37

1 program each year. The state, for the next coming year,
2 for the '07-'08 tax year, have raised it a thousand
3 per year of income, and also for the next three years,
4 ending, I think, at thirty-five and change in 2009.

5 In addition to this, they also get the

6 STAR reduction, which is about two thirds more than the
7 basic STAR, depending on the school district and rate.

8 Some of the savings is significant. If it's an

9 that is under twenty-two thousand total gross income,

10 may have a total tax bill of eight thousand dollars,

11 may only pay twenty-five hundred dollars. So, it's a

1
12 significant savings.

13 DR. KAMER: There is only one problem there.

If
14 you enhance the circuit breaker and make it more
valuable

15 you're taking property taxes out of the system, you have
to

16 make it up somewhere.

17 MR. BERNARD: The other problem is, more of

18 these exemptions, circuit breakers that are given to

19 seniors, veterans, firefighters, everybody else pays
more

20 because that money has to be made up somewhere.

21 MR. LIPP: You're saying income tax, not

22 property tax.

23 MR. BERNARD: This is not property tax I'm

24 talking about. It's based on income.

25 MR. LIPP: It's on your New York State income

38

1 tax that you're filing?

2 THE CHAIRMAN: No, it's based on income, but

3 you get a deduction off your property tax.

4 MR. KADEN: It's a property tax exemption.

1
5 THE CHAIRMAN: It doesn't achieve what we're
6 trying to do. It increases the burden on everyone
else.

7 MR. KADEN: Unless you bring in other sources
of
8 revenue, it shifts the burden.

9 MR. SAWICKI: It just shifts it around.

10 MR. LIPP: I just thought of, I'm not sure
how
11 it's going to come up. It relates, I hate to even say
it,
12 to the STAR program. I've not been a proponent but an
13 opponent of it. I'm recommending something that would
14 enhance STAR.

15 We have spoken about perhaps looking at, if
you
16 will, supplemental sources of local revenue. It could
be a
17 partial income tax, it would be a sales tax, it could be
a
18 mortgage tax, it could be a local lottery, it could be
19 different combinations of things.

20 THE CHAIRMAN: I'm trying to do this in a
21 systematic way. I'm trying to discuss adjusting the
22 existing system as we have now as one. Two is what

Pearl

23 started talking about, income tax as a substitute for
24 property tax. Three would be, something we had
discussion
25 about where you're going now, is other alternative
revenues

39

1 as a way of stabilizing the real estate tax.

2 MR. LIPP: I wanted to get it out before I
3 forget the idea. The wrinkle is the following: I
4 apologize for perhaps going out of order. The wrinkle
is
5 the money would go into perhaps a local STAR type
program
6 that would designate how to distribute the money.

7 What is the value of doing that? If you just
8 have a supplemental source of revenue, then at least
9 conceptually there is no incentive to lower spending and
10 therefore it will just be on top of the existing quote
high
11 property taxes. One effective thing with STAR is that
it
12 requires the schools to say okay, we're raising this
much
13 revenue and than STAR comes in and says we're going to
cut

14 a piece of the action for you, via the State.

15 supplement

What it would do is provide an extra

this

16 in terms of keeping property taxes down to whoever got

17 extra STAR revenue, which came from another source like

18 mortgage or sales tax, and it wouldn't create that

19 incentive to keep on spending. That would deal with the

20 cap sort of thing, if you will.

21 This is half baked. I have never been a

22 proponent of STAR. That is a way of dealing with having

growth

23 that extra source of local revenue, but restricting

24 in property taxes.

25 THE CHAIRMAN: Getting back to where we were

40

maybe

1 going. I had a discussion with Gary before. Him and

the

2 Pearl, you want to play on this section about reforming

3 existing formulas?

stick

4 DR. KAMER: Well, I think I would like to

5 with the LIA report on Innovate Long Island.

6 THE CHAIRMAN: I go with that, except I would
7 like that reduced to the recommendations.

8 DR. KAMER: The recommendation is increase
the
9 pie. Change the formula from scratch. And if you
wouldn't
10 give us that, give us the sixteen percent, our fair
share,
11 to educate sixteen percent of State students. Very
simple,
12 three steps.

13 I would also include a regional cost factor,
14 whether you include that first or last, that has got to
be
15 in the mix. I think those are the principal elements in
16 reforming the existing property tax.

17 I don't think we want to talk about
regionalizing

18 the commercial portion of the property tax. One, I
don't
19 think it's going to occur unless you want to include a
20 sentence on it to say we discussed it.

21 THE CHAIRMAN: I think it has to be
mentioned.

22 But again, we're back to the same problem. It's the
same
23 problem as reassessment. There is going to be winners

and

24 there is going to be losers.

25 DR. KAMER: The losers are going to scream to

41

1 high holy heaven.

2 THE CHAIRMAN: You're not creating any new

3 income, you're just moving it around. But I think it

been

4 should be mentioned because it is something that has

5 talked about.

6 DR. KAMER: It should be mentioned from an

7 equity standpoint that by regionalizing the commercial

8 portion of the property tax, you would achieve greater

9 equity, but we recognize that this is not a realistic

10 expectation at this time.

11 THE CHAIRMAN: Gary, would you contact Robert

12 Lipp and start -- could you start drafting this next

13 section based on --

going

14 MR. LIPP: (Interposing) Gary and I are

15 to meet at noon today.

16 THE CHAIRMAN: Anybody else that wants to

17 participate on that? I need to start start getting the
18 verbiage together, something that we can look at at our
19 November 1st meeting.

20 MR. BIXORN: Yes. In the interim, I think

Pearl

21 and I will arrange to get copies of the full Innovate

Long

22 Island.

23 DR. KAMER: We have plenty in the office.

24 MR. BIXORN: There is a three page summary in

25 there which is what I think you're interested in.

42

1 DR. KAMER: In fact, give it to Bob now.

2 MR. BIXORN: If I could have copies made now

I

3 can give them out now of just the summary.

4 DR. KAMER: The income tax, which is the

second

5 portion of your report, I'm not sure I --

6 MR. LIPP: (Interposing) Of our report.

7 DR. KAMER: Of our report. I beg your

pardon.

8 I'm not sure that we would want to come out strongly in

9 favor of proposing an income tax as a substitute for or

10 supplement to the current property tax. I personally
11 believe that there are too many limitations and there
12 too many negative unintended consequences, that we want
13 say we have considered it, we want to show the process;
14 namely the fact that it is a progressive rather than a
15 regressive tax, and that we want to show the potential
16 adverse consequences, but I would not take a position in
17 this report either recommending it or not recommending
it.

18 THE CHAIRMAN: I think that my only opinion
19 we have to talk about it because there has been a
20 tremendous amounts of dialogue about it. To ignore it
21 would really be a slap in the face to a lot of people
that
22 testified here. I would like to take on that section
23 myself, as I'm kind of entralled with Harvey Levinson's
24 thoughts on the subject. I think he solved some of the
25 problems.

43

1 I totally agree there should be not a
disclaimer

system

2 but a section at the end, if you scrapped the entire
3 and replaced our real estate system with an income tax,
4 these are the unintended consequences. They could be
5 damaging.

6 DR. KAMER: Let people interpret it as they
7 will.

8 THE CHAIRMAN: I don't disagree with anything
9 that you say.

general

there

10 DR. KAMER: The final section will be
11 supplementary sources of revenue. Here, I have always
12 believed in user fees. People that use a given service
13 should pay for the service. I think there is probably a
14 host of user fees in effect in the County which probably
15 could be raised without doing too much harm to the
16 public. I definitely wouldn't do a sales tax because
17 you drive retailers out of the County.

not

18 THE CHAIRMAN: I think really, potpourri of
19 revenue sources has to be mentioned. Again, I would
20 exclude an additional -- an addition to the sales tax as
21 one of those revenues. I think, again, very declarative

22 disclaimer could be put in there of the negative
effects.

23 DR. KAMER: You're going to have to, if you
do
24 that, say if we raise the sales tax by a quarter of a
25 point, whatever you're suggesting, this is where we
would

44

1 be relative to other counties in the State. What would
2 this do to our retail base. Don't forget, sales taxes
3 account for two thirds of Suffolk's tax revenue.

4 THE CHAIRMAN: We have briefly touched on a
5 number of these, from sales tax -- we haven't talked a
lot
6 about is sin taxes, cigarettes or liquor or stuff like
7 that, help finance education. The video lottery
8 presentation, which was very enlightening in terms of
the
9 amount of revenue that can be generated from a system
like
10 that, to some kind of mortgage registration fee.

11 DR. KAMER: Golf course fees, where you have
a
12 public golf course.

1
I
13 THE CHAIRMAN: It's like a sin tax. The way
14 play, it's a sin tax.

you
15 DR. KAMER: You can go after the sinners and
16 can go after the saints.

you
17 MR. LIPP: Maybe you should charge more if
18 have higher scores.

19 MR. BIXORN: Charge by the stroke.

either
20 THE CHAIRMAN: Wasn't very good at that

a
21 MR. BERNARD: Extra tax if your score is over
22 hundred.

23 THE CHAIRMAN: Pat mentioned early on in the
24 proceedings about the steady progression of inheritance
25 taxes being lowered. Instead of lowering it, maintain
it

45

never
1 and put that money into education. Something that we
2 had any more discussion on.

got a
3 MR. BERNARD: I was kind of waiting for, I

1
4 little built of translation from Councilman Bishop on
that.
5 I don't know where we are now. What I was hoping to see
if
6 the Federal government completely eliminated the estate
7 tax.

8 I'm not a believer in additional taxings. I
kind
9 of looked at that as an opportunity to maybe reapply
that
10 at the local level with certain caps. In that way, the
11 people that were already paying would probably not have
too
12 much of a problem continuing to pay to a certain degree,
13 but we won't be inventing any additional taxes. I'll
look
14 into that again, Bill.

15 MR. SAWICKI: I would like to weigh in on the
16 thoughts Pearl had regarding user fees and other ways to
17 possibly generate revenues, generating revenues from new
18 revenue streams. I'm not going to support anything that
is
19 just going to increase user fees, with the preface of
our
20 whole commission that taxes and the cost of living is
21 already too high on Long Island and Suffolk County. We
go

22 out there and do the old Albany trick of let's tack on a
23 few dollars on the driver's license and hair cuts. I
think
24 that would be a self-defeating road to pursue.

25 Perhaps what the OTB president said as new

46

1 revenue stream, I think any new revenue stream would be
2 worth pursuing. I think we should stay away from
3 additional users fees, with all due respect.

4 THE CHAIRMAN: I think the idea is to create
a
5 larger pool of money to help offset the ever increasing
6 real estate and school tax. I think that is the idea.
7 There is no magic wand here.

8 MR. SAWICKI: You can get away with a certain
9 amount of user, additional user taxes. I don't think
you
10 can do it on a recreational thing like golf or the
parks,
11 cosmetics. Certainly not on hair care and stuff like
that,
12 shoes. And prostitution we decided on.

13 DR. KAMER: Not on handbags either. No

1
14 accessories.

15 MR. SAWICKI: There are probably smokers in

the
16 group. Everybody is trying, in this day and age, to get

17 people away from smoking, and maybe that won't be a

18 terrible little increase. My only fear is, my analysis

is,
19 gas prices have gone down. When gas prices were going

up,
20 my landscaper kept saying five dollars more, five

dollars
21 more, okay, so he's at the top. Gas prices have been

going
22 down the last month. I don't remember him calling me

and
23 telling me you know what, we have dropped it five

dollars a
24 month.

25 My fear is, if we do this, how do we guarantee

47
1 we're going to see this in our tax bill come December

2 10th?

3 THE CHAIRMAN: That goes to the next part of

it,
4 if you find a way to create a pool of additional

revenue,

5 how do you distribute? Do you go by what Bob suggested,
6 create a local pool similar to the State STAR pool?

7 DR. KAMER: Not a bad idea.

8 THE CHAIRMAN: County Comptroller, you could be

9 Claus. Do you think a local STAR program would work for
10 us?

11 DR. KAMER: You would have to have some
12 mechanism to distribute it, whether you call it a STAR
13 program or enhanced tax rebate program. You can call it
14 anything you want. But you have to have a mechanism at
15 County level to distribute based on need. Than you have
16 define what need is. That is not a simple thing.

17 MR. LIPP: I think the big knock against
18 it's not need based. If anything, it's less equitable,
19 more equitable.

20 MR. SAWICKI: That is State STAR.

21 MR. LIPP: Yes, of course we have to be

22 because we benefit on Long Island from the STAR program
23 relative to regular State aid. Don't bite the hand that

24 feeds you. I think a local STAR should be at least more
25 equitable, helping the poorer districts and to some
extent,

48

1 the poorer people. Maybe there can be an income based
2 thing in terms of distribution.

3 MR. BERNARD: They use a combination census
4 track, equalization rate.

5 MR. KADEN: Government property.

6 MR. BERNARD: I'm sorry?

7 THE CHAIRMAN: Do we agree we want
distribution

8 to the taxpayer or do you want to use, again we're
talking

9 about this hypothetical additional pool of money, would
you

10 want to create a pool that would go to the school
district

11 that kept within, going back to Pataki's plan of
12 stabilizing increases in real estate taxes?

13 DR. KAMER: I think if we're going to the
fair

14 share approach on the school tax portion of it and
bringing

15 in all this extra money, I would give direct relief to
the
16 taxpayer, because that is the function of this
commission,
17 to give taxpayer relief.

18 The school districts don't like STAR because
what
19 happens is Albany regards STAR as State aid and yet it
goes
20 to the individual and not the school district. I would
21 emphasize at least one of the recommendations going to
22 direct taxpayer relief. I think we have to do that;
23 otherwise we don't need our mission.

24 THE CHAIRMAN: Everybody on the ball with
25 that? Okay. Anyone wants to get involved in the
writing

49

1 on the last portion?

2 Our next meeting is November 1st. We will try
3 and start pulling it together to the best of our
ability,
4 at least with some drafts of the different sections, and
we
5 will assess on November 1st whether we need to meet
again.

1
get
6 MR. KOHLMANN: I wonder, the drafts that you
7 together, if you could distribute them prior to November
8 1st so we get a chance to really study them and analyze
9 them and formulate our comments.

10 THE CHAIRMAN: That is great, as long as we

can
11 get it written by then. I hate to meet everybody to

death.
12 I know you have been very good about attending these all
13 year long. I kind of feel the same way as Lynn, that we
14 probably need another meeting.

15 Gary, I appreciate your work to get that next

16 important section done. We will go from there to see

about
17 getting the two components done. Does anybody else have
--

18 I think we have covered everything on our checklist here

of
19 things that came up at some point. Is there anything

that
20 you think we forgot or should be added?

21 MR. SAWICKI: Real quick, not to detain

everyone
22 from further business of the day, I would like to

23 eventually batter around, officially, when we started

the

24 meetings back in June or July, I raised the issue and

25 a few chuckles, but going back, if we can't accomplish

1 change to State aid in Albany, which we know is going to

2 a really, really uphill battle, if we can't change and

3 back with a real sixteen percent, maybe we ought to lay

4 alternative and say we're sick and tired of Albany and

5 York. Start some kind of legal research and feasibility

6 study, how we would perform as our own State of Long

7 Island.

8 It's just a pie in the sky to reach as

9 the State aid to education formula and getting the

10 percent of revenues down here. With that, thank you,

11 I am serious about that.

12 THE CHAIRMAN: Do you want to add to that?

13 MR. LIPP: I would say that would be a good

State

ought

on

this

51

14 from a carrot and stick point of view. We need more
15 aid, but since you're bleeding us to death, maybe we
16 to pursue this path, just nibble a little.

17 MR. KADEN: Wait until you see the user fee
18 the Throgs Neck bridge.

19 THE CHAIRMAN: I don't have anything else.
20 Anybody else want to make any comments? If not, this
21 meeting stands adjourned and I will see everybody on
22 November 1st and we will see if we can start wrapping
23 up.

24 (TIME NOTED: 11:40 A.M.)

25

CERTIFICATION

2 STATE OF NEW YORK)

3) ss:
4 COUNTY OF SUFFOLK)

5

6

6

7

8

I, JUDI GALLOP, a Notary Public in and for the

9

State of New York, do hereby certify:

10

11

THAT this is a true and accurate record of the

12

Hearing held before the Suffolk County

13

Homeowner's Tax Reform Commission on October

14

2006, as reported by me and transcribed by me.

15

16

IN WITNESS WHEREOF, I have hereunto set my

17

this 2nd day of November. 2006.

18

19

20

JUDI GALLOP

21

22

23

24

25

4,

hand